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ARIZONA CORPORATION COMMISSION

2006 JUN 20 P 4: 49

June 20, 2006

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Mr. Patrick J. Black Fennemore Craig 3003 North Central Avenue, Suite 2600 Phoenix, Arizona 85012-2913

RE: New River Utility Company – Application for Extension of its Certificate of Convenience and Necessity (CC&N) Docket No. W-01737A-06-0171 INSUFFICIENCY LETTER #2

Dear Mr. Black:

In reference to the above mentioned application filed on March 16, 2006, and the supporting documents filed on May 26, 2006, this letter is to inform you that the application still has not met the sufficiency requirements as outlined in the Arizona Administrative Code. The deficiencies are:

- 1. Please inform Staff when the Company will know the response from the City of Peoria regarding the fire pump issue.
- 2. Please provide the test results for arsenic from all the Points of Entry ("POE").
- 3. The results of the laboratory analysis from POE #2 and POE #3 indicate one sample below 10 ppb and one exceeding 10 ppb. Please provide a detailed explanation of the Company's Arsenic Remediation Plan.
- 4. The Company stated in its May 26, 2005 Response to Staff's Insufficiency Letter that it continues to negotiate with "the City of Glendale" for purchase of 300 acre-feet per year treated Central Arizona Project water to blend with its well water as a solution of arsenic removal method. However, in reviewing the service map, Staff notes that the City of Peoria is located close to the Company's service area. Could "Glendale" be a typo? If it is not, please explain.
- 5. If the Company purchases 300 Acre-ft/yr water from either the City of Glendale or the City of Peoria, it is Staff's understanding that the Arizona Department of Water Resources ("ADWR") has to review and approve this agreement. Has ADWR been contacted yet? Please explain.

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Staff would like to use this opportunity to bring the following to your attention:

Pursuant to the Arizona Administrative Code ("A.A.C.") R-14-2-411(C), the time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete. Upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing Opinion and Order to present to the Commission at an Open Meeting.

Please file your response to this Insufficiency Letter with Docket Control. If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0840 and Dorothy Hains at 602-542-7274.

Very truly yours

Blessing N. Chukwu Executive Consultant III

BNC

cc:

Docket Control

Del Smith Lyn Farmer Brian Bozzo Vicki Wallace